

PETRILLO KLEIN & BOXER LLP

655 Third Avenue
22nd Floor
New York, NY 10017
Telephone: (212) 370-0330
www.pkblp.com

Nelson A. Boxer
Direct Dial: (212) 370-0338
Cell: (917) 273-2693
nboxer@pkblp.com

March 23, 2021

By E-Mail

Dina McLeod
Michael McGinnis
Nicholas Chiuchiolo
Assistant United States Attorneys
U.S. Attorney's Office
Southern District of New York
1 St. Andrew's Plaza
New York, NY 10007

Re: *United States v. Alan Kaufman*, 19 Cr. 504 (LAK)

Dear Dina, Mike, and Nick:

Pursuant to Federal Rule of Criminal Procedure 16(b)(1)(C)(i), and in response to the Court's request at oral argument on March 22, 2021 on the government's motion *in limine* to preclude the expert testimony of Dr. S. Ilan Guedj, Ph.D., Dkt. Nos. 174, 187, we make the following disclosures to supplement our prior expert disclosures. *See* Dkt. No. 174-1, Def. Initial Disclosure (Aug. 17, 2020); Dkt. No. 174-3, Def. Supplemental Disclosure (Jan. 19, 2021); Guedj Slides, Dkt. No. 185-1 (Draft of Mar. 5, 2021); Guedj Slides (Draft of Mar. 14, 2021).

Dr. Guedj will explain foundational concepts to the jury about 50-year amortization loans at the Melrose Credit Union ("MCU"), and will help the jury understand the loan refinancings that are the subject of the Indictment. Ind. ¶¶ 7, 9, 10 (emphasis added). While Dr. Guedj will compare these allegedly "favorable" loans to other loans that Mr. Georgiton received from MCU before November 2010, other loans that MCU customers received after November 2010, and loans that Mr. Georgiton's companies received from other financial institutions after November 2010, he will not opine that the loans alleged in the Indictment are "similar" to these other loans; rather, he will explain the results of these analyses and discuss the trends he observed, to help the jury analyze the Indictment's allegations. *See* Fed. R. Evid. 702(a), Notes of Advisory Committee on Proposed Rules (in addition to, or in lieu of, providing opinions, an expert "may give a dissertation or exposition of scientific or other principles relevant to the case, leaving the trier of fact to apply them to the facts").

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I. Foundational Concepts

Dr. Guedj will first educate the jury about 50-year amortization loans at MCU. *See* Guedj Slides 2-6.

In **Slide 3**, Dr. Guedj compares the total loan amounts originated with 50-year amortization periods at MCU between 2010 and 2015 to the total loan amounts originated with non-50-year amortization periods at MCU in the same period. His sources for this comparison are listed in Appendix A. Notably, to identify 50-year amortization loans, Dr. Guedj relies on government exhibits 726A and 810A, spreadsheets that the parties have stipulated contain a list of all taxi medallion loans with 50-year amortization periods issued by MCU from 2011 to 2015. *See* GX 1003.

In **Slide 4**, which relies on the same sources as Slide 3, Dr. Guedj establishes quintiles of borrowers by loan origination size and shows that borrowers who borrow larger amounts have more access to 50-year loan products.

In **Slide 6**, Dr. Guedj uses a MCU taxi medallion loan rate sheet from December 31, 2010 to illustrate the similarities and differences between 50-year amortization loans and non-50-year amortization loans at MCU.

II. Comparative Analyses

Next, Dr. Guedj will explain how he performed, and the results of, three comparative analyses.

(1) Comparison of Georgiton-related Loans to other Georgiton-related Loans

Dr. Guedj compares the interest rates that Mr. Georgiton's companies received from MCU before and after he purchased the Jericho residence in November 2010, viewed both in isolation and in comparison to market interest rates during those time periods. Guedj Slides 7-9.

In **Slide 8**, Dr. Guedj displays rates that Georgiton-related entities received at MCU over time. The rates are separated by 50-year amortization loans and non-50-year amortization loans.

To perform this comparative analysis, Dr. Guedj first defined Georgiton-related entities as entities named in the Queens Medallion Leasing ("QML") tax documents, which are identified in Appendix A.

He then defined Georgiton-adjacent entities as entities that are not named in the QML tax documents, but:

- Have the same business address as QML (XEKOLIARES LLC; PREF A TRANSPORT);

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- Are individuals as opposed to entities in the QML tax documents (PARISIS, BETTY; EMEXEZIDIS, GEORG; GEORGANTONIS, EVA); or
- Receive loans on the same date and with the same rate as a QML entity (BRAN, ILIE; KUMAR, NAVEEN; LORIA, JOSEPH A; MEHDI, SURAJ H; MONTILUS, ROUSSEA; RATTNER, SUSAN F; VAVAL, HENOCK).

Finally, he defined a non-Georgiton-related control group as anyone not Georgiton-related or Georgiton-adjacent.

The sources for this analysis are the same as those used in Slide 3, as well as the QML tax documents.

In **Slide 9**, Dr. Guedj displays the interest rates that Georgiton-related entities received over time while accounting for interest rate market conditions. Rates are separated by 50-year amortization loans and non-50-year amortization loans and are adjusted as a spread over 12-month LIBOR. Sources for this slide are the same as those in Slide 8, as well as LIBOR12m daily rates from FRED, available at <https://fred.stlouisfed.org/series/USD12MD156N>.

(2) Comparison of Georgiton-related Loans to MCU Loans to Others

Dr. Guedj has also compared (i) the interest rates that Mr. Georgiton's companies received from MCU on 50-year and non-50-year amortization loans before and after he purchased the Jericho house, with (ii) the interest rates that other taxi medallion borrowers at MCU received on 50-year and non-50-year amortization loans during those time periods. *See* Guedj Slides 10-13.

In **Slide 11**, Dr. Guedj displays interest rates that Georgiton-related entities received over time compared to taxi medallion rates offered at MCU. Rates are separated by 50-year and non-50-year amortization loans and are adjusted as a spread over the nearest available MCU rate sheet. He used the same information as in Slide 8 and, in general, matched each data point to the nearest-in-time MCU rate sheet, with some caveats:

- If there was no rate sheet close in time, he interpolated a rate between the two nearest rate sheets before and after the data point.
- If there were multiple rates in one month, the average was used.
- Consistent with MCU's rate sheets, the last five rates for 50-year amortization loans were adjusted by adding 25 basis points to rates for 36-month terms with all amortizations.
- 2007 rate sheets were not available, so no observation for 2007 was plotted.
- The rate sheets reference multiple rates; for consistency, Dr. Guedj used the lowest rate on each sheet.

Sources for this analysis include Slide 8's sources as well as MCU rate sheets (see Appendix A).

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In **Slide 12**, Dr. Guedj displays all of the 50-year amortization loans identified in the spreadsheets that are the subject of GX 1003, separating Georgiton-related entities from others. The sources are the same as those used for Slide 8.

In **Slide 13**, Dr. Guedj displays all the rates of Georgiton-related loans, separated by 50-year and non-50-year amortization loans, minus the average rate of loans given to others at MCU. The sources are the same as those used for Slide 8.

In general, Georgiton rates are adjusted by subtracting the nearest equivalent (50-year for 50-year and <50-year for <50-year) rate for non-Georgiton-related loans. For 50-year amortization Georgiton loans (except for July 2011 and Nov. 2011), equivalent non-Georgiton 50-year amortization rates are too far in time. Accordingly, Dr. Guedj used the closest-in-time <50YR rate, but added to that rate 25 basis points, which is again consistent with MCU's rate sheets. 2005 is not plotted for <50-year due to lack of information on <50-year MCU loans to others in 2005.

(3) Comparison to rates at other financial institutions

Finally, Dr. Guedj compared (i) the loan terms that Mr. Georgiton's companies received from MCU before and after he purchased the Jericho house, with (ii) taxi medallion loan terms then-available at other financial institutions, including the financial institutions from which Mr. Georgiton's companies procured taxi medallion loans when they paid off their loans from MCU. *See* Guedj Slides 14-17.

In **Slide 15**, Dr. Guedj displays rates that Georgiton-related entities received over time compared to contemporaneous rates for taxi medallion loans offered by Medallion Financial Corp., one of MCU's primary competitors. Sources for this slide include the sources for Slide 8, as well as Medallion Financial Corporation 10K filings from SEC's EDGAR, available at <https://medallion.ir.edgar-online.com/default.aspx#top>.

In **Slide 16**, Dr. Guedj uses the same information as in Slide 8, and overlays data for rates that Mr. Georgiton's companies received from Doral, Alma, Capital One, and Progressive. These sources are listed in Appendix A.

Finally, in **Slide 17**, Dr. Guedj provides an illustration of the differences between the total paid on the first year of an interest-only loan at Capital One with a 3% interest rate, versus a 50-year amortization loan at MCU with contemporaneous MCU interest rates. The sources are the same as those used in Slide 16.

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Very truly yours,

A handwritten signature in black ink, appearing to read "Nelson A. Boxer", followed by a long horizontal flourish.

Nelson A. Boxer
Christina Karam
Paul-Gabriel D. Morales
Petrillo Klein & Boxer LLP

Counsel for Alan Kaufman

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Appendix A

Sources, Slide 3:

- Data spreadsheets
 - o USAO_00100695
 - o USAO_00100696
 - o USAOr_000429370
 - o USAOr_000431333
 - o USAOr_000507410
 - o USAOr_002055197
 - o USAOr_002529524
 - o USAOr_003751511
- Credit memoranda
 - o USAO_00096844
 - o USAO_00097624
 - o USAO_00097645
 - o USAO_00099533
 - o USAOr_000509031
 - o USAOr_000878853
 - o USAOr_000878917
 - o USAOr_000879245
 - o USAOr_000879315
 - o USAOr_000880173
 - o USAOr_000880462
 - o USAOr_000880797
 - o USAOr_000880799
 - o USAOr_000880801
 - o USAOr_000880805
 - o USAOr_000880807
 - o USAOr_000880809
 - o USAOr_000880811
 - o USAOr_000882031
 - o USAOr_000882635
 - o USAOr_000882686
 - o USAOr_000883558
 - o USAOr_000883564
 - o USAOr_000883566
 - o USAOr_000883570
 - o USAOr_000883574
 - o USAOr_000883576
 - o USAOr_000883578
 - o USAOr_000883584
 - o USAOr_000883586
 - o USAOr_000883588

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- USAOr_003152267
- In USAOr_000509031, the following are cited: USAOr_000509035, USAOr_000509037, USAOr_000509039, USAOr_000509041, USAOr_000509043.
- In USAOr_003152267, the following are cited: USAOr_003153140, USAOr_003153142, USAOr_003153144.

Sources, Slide 8:

- Same as Slide 3
- QML tax documents
 - USAO_00099722
 - Documents numbered NCUA00860458 through NCUA00860519
 - Documents numbered NCUA00859059 through NCUA00863514

Sources, Slide 11:

- Same as Slide 8
- MCU rate sheets
 - 6199355_00035322
 - 6199355_00044226
 - NCUA00865260
 - NCUA00866023
 - USAOr_000540760
 - USAOr_000560701
 - USAOr_000560978
 - USAOr_000561324
 - USAOr_000563466
 - USAOr_000593477
 - USAOr_000654989
 - USAOr_000655026
 - USAOr_000655030
 - USAOr_000697498
 - USAOr_000705254
 - USAOr_000707761
 - USAOr_000708534
 - USAOr_000715295
 - USAOr_002618944
 - USAOr_003438717
 - USAOr_004102103

Sources, Slide 16:

- Same as Slide 8
- Capital One, Progressive, Alma, and Doral loan documents

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- *Capital One Equip. Fin. Corp. v. Queens Medallion Leasing Inc.* (Sup. Ct., New York Cnty., Nov. 11, 2016), Ramos, J., index No. 655934/2016, NYSCEF Doc. No. 3.
 - Ex. C.pdf, Ex. D.pdf, Ex. E.pdf, Ex. F.pdf, Ex. G.pdf, Ex. H.pdf, Ex. I.pdf, Ex. J.pdf, Ex. K.pdf, Ex. L.pdf, Ex. M.pdf, Ex.N.pdf, Ex.O.pdf
- USAOr_000025999
- USAOr_000026978
- USAOr_000028185
- USAOr_000029413
- USAOr_000039111
- USAOr_000045365
- USAOr_000046673
- QM000001
- QM000016
- QM000065
- QM000077
- QM000101